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New requirements for FHA loans will bar non-permanent residents seeking to buy homes

Source: KLTV

The U.S. Department of Housing and Urban Development (HUD) is revising their requirements for Federal Housing Administration (FHA) loans. Starting May 25, non-permanent residents will no longer qualify for FHA loans. This includes individuals here with a work visa, who do have permission to be in the country, such as nurses, doctors, engineers and DACA recipients.

FHA loans allow homebuyers to offer lower down payments (as low as 3.5 percent), make use of down payment assistance, have flexible credit requirements, and often qualify for higher home prices. By contrast, conventional loans require higher credit scores and don't always offer down payment help. Undocumented immigrants were never eligible for FHA loans, though they are still use their individual taxpayer identification numbers (ITIN) to apply for conventional loans.

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Unsolicited predatory offers in fire-hit areas barred through July 1

Source: C.A.R.
Gov. Gavin Newsom has extended an Executive Order from January to protect residents in fire-impacted zip codes in Los Angeles County. The order bars predatory investors from making unsolicited, undervalued property offers in attempts to exploit victims of the Southern California fires. The order extends such unlawful offers through July 1, 2025.

California law makes it a misdemeanor to violate a governor's order during a state of emergency. The Order does not prohibit anyone from selling their property should they wish to do so. Properties covered under the Order include those in the following zip codes: 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91024, 91040, 91103, 91104, 91106, 91107, 91367, 93535, and 93536. Violations can be reported to the State Attorney General's office at oag.ca.gov/report.

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U.S. Army Corps recycling concrete and steel from burned homes

Source: The Canyon Alliance
Each day, almost 1,200 truckloads of debris, concrete and metal from

structures destroyed by January's wildfires exit Pacific Palisades and Malibu for disposal or recycling, according to Col. Brian D. Sawser of the U.S. Army Corps of Engineers. "The whole purpose ... is to gather that debris and get it into a controlled environment as quickly and efficiently as possible," Sawser said. "Our rate of response right now is exceeding anything at this scale that we've ever seen before. We're moving way fast."

Two recyclable materials – concrete and metal – are sent to a staging area on Temescal Canyon Road to begin the recycling process. Both substances are first washed at the original debris sites, then loaded onto trucks, covered with plastic tarps and brought to Temescal Canyon. The metal is compacted, while the concrete is crushed. Over the course of each day, Sawser estimated that about 3,000 to 4,000 tons are driven to separate processing centers outside the Palisades for recycling and reuse. On average, the Corps clears 40 homes per day, or 1,200 per month.

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Interest rates, uncertainty temper California home sales

Source: The Business Journal
Elevated interest rates and economic uncertainty are being cited for a statewide decline in sales for March, according to the latest data from the CALIFORNIA ASSOCIATION OF REALTORS®. Existing, single-family home sales in California totaled 277,030 in March on a seasonally adjusted annualized rate, down 2.3 percent from 283,540 in February and up 4.9 percent from 264,200 in March 2024.

"Home sales slowed in March as both buyers and sellers grew more

concerned about the ongoing tariff situation and its potential impact on their personal finances," said C.A.R. President Heather Ozur, a Palm Springs REALTOR®. In Fresno, sales were down 9.3 percent in March compared to last year, but were up 21 percent compared to February. The median price for March was $435,000, up 5.3 percent annually and down 1.8 percent month over month.

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Why is it so expensive to build affordable homes in California?

Source: Cal Matters
The spiraling cost of housing in California has affected virtually every facet of life. California has the nation's largest unsheltered homeless population and among the highest rates of cost-burdened renters and overcrowded homes. One reason for the seemingly endless upward trajectory of rents is how expensive it is to build new apartments in California. Those costs are a major contributor to "break-even rents," or what must be charged for a project to be financially feasible.

A recent study compared total apartment development costs in California to those in Texas. The Average apartment in Texas costs roughly $150,000 to produce; in California, building the same apartment costs around $430,000, or 2.8 times more. For publicly subsidized, affordable apartments – a sector that California has spent billions on in recent years – the gap is even worse. These cost over four times as much as affordable apartments in Texas. Most of the differences stem from policy choices made by state and local governments. A privately financed apartment building that takes just over two years to produce from start to finish in

Texas would take over four years in California. It takes twice as long to gain project approvals, and the construction timeline is 1.5 times longer. That means land costs must be carried for longer, equipment and labor are on jobsites longer, and that loans are taken out for a longer term.

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Homebuyers take riskier loans as tariffs push up interest rates

Source: CNBC

Mortgage rates jumped to the highest level since February last week, dampening overall demand and sending homebuyers in search of riskier loans with lower rates. Total mortgage application volume fell 8.5 percent last week compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index. The share of mortgages issued with adjustable rates, or ARMs, was 9.6 percent, the highest since November 2023. On a dollar basis, almost a quarter of the application volume last week was for ARMs, as borrowers with larger loans are more likely to opt for an ARM.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances ($806,500 or less) increased to 6.81 percent from 6.61 percent, with points decreasing to 0.62 from 0.63, including the origination fee, for loans with a 20 percent down payment. Applications for a mortgage to purchase a home dropped 5 percent for the week and were 13 percent higher than the same week one year ago. Demnd from buyers may be higher than a year ago, but there is 30 percent more active inventory on the market than there was last year at this time, according to Realtor.com. That suggests the annual comparison should be much larger,

as low inventory was blamed for weak sales last year. Applications to refinance a home loan dropped 12 percent for the week but were 68 percent higher than the same week one year ago.

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